

(7)(A) The material preceding subparagraph (A) of section 593(e)(1) is amended by striking "by a domestic building and loan association or an institution that is treated as a mutual savings bank under section 591(b)" and inserting "by a taxpayer having a balance described in subsection (g)(2)(A)(ii)".

(B) Subparagraph (B) of section 593(e)(1) is amended to read as follows:

"(B) then out of the balance taken into account under subsection (g)(2)(A)(ii) (properly adjusted for amounts charged against such reserves for taxable years beginning after December 31, 1987)."

(C) The second sentence of section 593(e)(1) is amended by striking "the association or an institution that is treated as a mutual savings bank under section 591(b)" and inserting "a taxpayer having a balance described in subsection

(D) The third sentence of section 593(e)(1) is amended by striking "an association" and inserting "a taxpayer having a balance described in subsection (g)(2)(A)(ii)".

(E) Paragraph (1) of section 593(e) is amended by adding at the end the following new sentence: "This paragraph shall

not apply to any distribution of all of the stock of a bank (as defined in section 581) to another corporation if, immediately after the distribution, such bank and such other corporation are members of the same affiliated group (as defined in section 1504) and the provisions of section 5(e) of the Federal Deposit Insurance Act (as in effect on December 31, 1995)

or similar provisions are in effect."

(8) Section 595 is hereby repealed.

(9) Section 596 is hereby repealed.

(10) Subsection (a) of section 860E is amended —

(11) by striking "Except as provided in paragraph (2), the" in paragraph (1) and inserting "The".

(12) by striking paragraphs (2) and (4) and redesignating paragraphs (3), (5), and (6) as paragraphs (2), (3), and (4), respectively.

(13) by striking in paragraph (2) (as so redesignated) all that follows "subsection" and inserting a period.

(14) by striking the last sentence of paragraph (4) (as so redesignated).

(15) Paragraph (3) of section 992(d) is amended by striking "or 593".

(16) Section 1038 is amended by striking subsection (f). Clause (ii) of section 1042(c)(4)(B) is amended by striking "or 593".

(17) Subsection (c) of section 1277 is amended by striking "or to which section 593 applies".

(18) Subparagraph (B) of section 1361(b)(2) is amended by striking "or to which section 593 applies".

(18) The table of sections for part II of subchapter H of chapter 1 is amended by striking the items relating to sections 595 and 596.

(c) EFFECTIVE DATES. ~~—~~ 26 use 593 note.

(1) IN GENERAL. ~~—~~ Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1995.